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INFO RUEHBJ/AMEMBASSY BEIJING 2895
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RUEHSH/AMCONSUL SHENYANG 2066
RUEHCN/AMCONSUL CHENGDU 2075
RUEHHK/AMCONSUL HONG KONG 2243
RUEHIN/AIT TAIPEI 1861
RUEHKO/AMEMBASSY TOKYO 0690
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RUCPDOC/USDOC WASHINGTON DC
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UNCLAS SECTION 01 OF 02 SHANGHAI 000271

SENSITIVE
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KALVIREZ; AND OCG - TPOSNER
DOC FOR ITA/MAC: ESZYMANSKI
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SUBJECT: MPA ON EXPO, FILM INDUSTRY, IPR AND COOPERATION IN CHINA

¶1. (SBU) Summary. ConGen officers met with Motion Picture Association of American (MPAA) Chairman and CEO Dan Glickman and Asia-based Motion Picture Association (MPA) officials on to discuss film piracy, copyright enforcement and other IPR issues.

MPAA/MPA hopes that the Shanghai 2010 World Expo, expected to attract 60 million domestic visitors and ten million foreign visitors, will drive Shanghai IPR enforcement authorities to crack down on distribution and retail of pirated DVDs. Internet piracy is the greatest IPR challenge in China, the MPAA/MPA delegation said. The MPAA/MPA group praised the China Mission's Movie Nights programs to introduce more U.S. films to student audiences throughout China. End summary.

Expo: An Opportunity

¶2. (SBU) DPO, P/E Chief, Econoff and Cultural Affairs Officer met with the MPAA/MPA delegation on Sunday, June 14 to discuss IPR protection and enforcement issues in the Shanghai Consular District. Michael C. Ellis, the President and Managing Director for the Asia Pacific Region for the Motion Picture Association (MPA), highlighted the "excellent opportunity" that the Shanghai 2010 World Expo might provide to combat street piracy issues in Shanghai. Comparing the Shanghai Expo to the Beijing Olympics, Ellis stated that despite the availability of pirated DVDs available on Shanghai streets and in Shanghai retail outlets seemingly having increased over the past few years, the 2010 Expo might be a chance to closely cooperate with local authorities to address this issue. DPO addressed Ellis' concerns that piracy issues were rising and suggested that there was less of a local interest in putting people out of business or closing (even illegitimate) businesses due to the economic downturn in an effort to maintain social stability and keep money flowing. ConOffs also described the close and productive working relationship the Consulate has with IPR officials and judicial authorities in Shanghai.

Shanghai Film Festival now one of the "top in the world"

¶3. (SBU) In town for the opening and first several days of the Shanghai International Film Festival, MPAA Chairman and CEO Dan Glickman explained how the Shanghai Festival is now one of the top seven film festivals in the world and that the Festival has been successful building a name for itself. While lamenting

that only 20 foreign films are allowed into Mainland China each year for general theatrical release, Glickman expressed his delight that the Film Festival allowed other films to be publicly screened in Shanghai, noting that *The Reader* was one such film that had not been selected for general release but was being screened at the festival. The Film Festival, now in its twelfth year, draws worldwide attention with international movie stars and judges and a record number of entries from around the globe this year.

Trends in China

¶4. (SBU) MPAA's Glickman also commented on the number of his organization's member companies that are working to gain better entry to the China market. These activities include increased cooperation with the Hong Kong film industry and co-productions such as the Universal production of the third installment of *The Mummy* movie series. MPA Chief Representative in China William Feng, noting that since the start of 2008 an average 1.3 new theater screens had been added in China per day rpt day, said MPAA/MPA member companies hope that the growing number of private Chinese cinemas will put increasing pressure on the Chinese Government to allow in more foreign films. Ellis also discussed the potential to make additional money from DVD releases as/if the China Film Board changes its policies on windows to allow DVD releases closer to theater release dates and piracy issues are addressed. The usual delay between allowed screenings in China and subsequent permission to sell legitimate DVDs cedes the market for DVDs to pirates. One of China's highest earning movies in 2008 was "*Red Cliff*," which earned RMB 600 million -- of which only RMB 5 million came from DVD sales, despite China flooding the market with real DVDs

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simultaneously with theatrical screenings. The pirated DVD industry is well entrenched. Until Chinese policies have a pro-business tilt, legitimate screenings and legitimate DVD sales will suffer, as will the cinema industry. Comparing India to China, MPAA CEO Glickman stressed the importance of market access and that the Chinese restrictions have caused almost all the studios to shift most of their focus to India to take advantage of the world's largest movie-going population and the more open market there. Piracy is a major problem in India, but at least movies can be entered into the market for commercial screenings there. Fully one-half of the world's annual four billion movie theater admissions are in India, Glickman noted. Glickman also commented that the Chinese movie market pales in comparison to the rapidly growing markets in Eastern Europe and Russia especially.

Enforcement and Internet Piracy

¶5. (SBU) Turning to enforcement and piracy issues, the MPAA/MPA delegation stated that internet piracy is the largest issue worldwide -- including in China -- despite some inroads made with geo-filters and other internet limitations. Glickman commented that the U.S. Government view on tackling internet piracy is becoming more diverse under the Obama Administration due to the younger administration members who might have different policies on internet policing. Ellis specifically stated that he found Embassy Beijing's annual Ambassador's IPR roundtable to be an asset and good forum to discuss such issues and added that the MPA was also active in training programs (under the radar) in China. He cited a recent MPA-organized program in Hefei, Anhui that brought together mixed jurisdictions to study these issues, including customs agents from Hong Kong and Macau and Taiwan and Chinese officials. Econoff shared Consulate successes in working with the Shanghai authorities on internet cases, training programs and on other copyright issues in Shanghai and Nanjing. He also told the MPA group of successful efforts by the Shanghai Public Security Bureau to act on "credible suspicion" rather than proof that a threshold had been transgressed and of recent successful cooperation with the Quality Brands Protection Committee, the trade association of multinationals in China formed to combat trademark infringement, to highlight jurisdictions that are

making strides in protecting IPR.

Motion Picture License Yields High Impact in East China

¶6. (SBU) Consulate Cultural Affairs Officer also used the briefing with Chairman Glickman to highlight the successful use of the Motion Picture Licensing Corporation (MPLC) agreement in East China to use American feature films to reach Chinese audiences to highlight American history, culture and values. The Public Affairs Section of the Shanghai Consulate has used this MPLC license to show American films such as "Men of Honor" and "Erin Brockovich" to university audiences from Shanghai to Nanjing and Hangzhou to Xuzhou. The Public Affairs Section works with a local university to hold the film night and an officer from the Consulate hosts the event, watching the film with students and then leading a post-film discussion. These films are also used as part of an on-going movie night at the Consulate where themes have ranged from diversity in the United States to American politics. The MPAA/MPA delegation applauded the Consulate's and China Mission's efforts to introduce more American films to young Chinese audiences.

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